

requirements of sections 6(c) and 17(b).²

3. Rule 17a-7 under the Act permits registration investment companies that might be deemed affiliates solely by reason of common investment advisers, directors, and/or officers, to purchase securities from, or sell securities to, one another at an independently determined price, provided certain conditions are met. Paragraph (e) of the rule requires an investment company's board of directors to adopt and monitor the procedures for these transactions to assure compliance with the rule. A unit investment trust does not have a board of directors and, therefore, may not rely on the rule. Applicants represent that they will comply with all of the provisions of rule 17a-7, other than paragraph (e).

4. Applicants represent that purchases and sales between Trust Series will be consistent with the policy of each Trust Series, as only securities that otherwise would be bought and sold on the open market pursuant to the policy of each Trust Series will be involved in the proposed transactions. Applicants further believe that the current practice of buying and selling on the open market leads to unnecessary brokerage fees and is therefore contrary to the general purposes of the Act.

5. Applicants state that the condition that the securities must be actively traded on an Exchange or the Nasdaq-NMS protects against overreaching. This condition ensures that there will be current market prices available and thus, an independent basis for determining that the terms of the transaction are fair and reasonable. In addition, applicants note that, as a condition to the requested relief, the Trustee will review the procedures relating to the purchase and sale of Equity Securities. Furthermore, the Sponsor must certify to the Trustee that a transaction is consistent with the policy of both the Rollover Trust Series and New Trust Series, as set forth in their respective registration statements and reports filed under the Act. Lastly, the portfolio companies held in a Trust Series are described in the Trust Series' prospectus for investors to review. In light of these procedures, applicants believe that they satisfy the standards of sections 6(c) and 17(b), and thus, an exemption from section 17(a) is warranted.

² Section 17(b) applies to a specific proposed transaction, rather than an ongoing series of future transactions. See *Keystone Custodian Funds*, 21 S.E.C. 295, 298-99 (1945). Section 6(c) frequently is used, along with section 17(b), to grant relief from section 17(a) to permit an ongoing series of future transactions.

Applicants' Conditions

Applicants agree that the order granting the requested relief shall be subject to the following conditions:

1. Each sale of Equity Securities by a Rollover Trust Series to a New Trust Series will be effected at the closing price of the securities sold on the applicable Exchange or the Nasdaq-NMS on the sale date, without any brokerage charges or other remuneration except customary transfer fees, if any.

2. The nature and conditions of such transactions will be fully disclosed to investors in the appropriate prospectus of each future Rollover Trust Series and New Trust Series.

3. The Trustee of each Rollover Trust Series and New Trust Series will (a) review the procedures discussed in the application relating to the sale of Equity Securities from a Rollover Trust Series to a New Trust Series and the purchase of those securities for deposit in a New Trust Series, and (b) make such changes to the procedures as the trustee deems necessary that are reasonably designed to comply with paragraphs (a) through (d) of rule 17a-7.

4. A written copy of these procedures and a written record of each transaction pursuant to the order will be maintained as provided in rule 17a-7(f).

For the SEC, by the Division of Investment Management, under delegated authority.
Margaret H. McFarland,
Deputy Secretary.

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Issuer Delisting; Notice of Application to Withdraw from Listing and Registration; (The Vermont Teddy Bear Co., Inc., Common Stock, \$0.05 Par Value) File No. 1-12580

August 26, 1996.

The Vermont Teddy Bear Co., Inc. ("Company") has filed an application with the Securities and Exchange Commission ("Commission"), pursuant to Section 12(d) of the Securities Exchange Act of 1934 ("Act") and Rule 12d2-2(d) promulgated thereunder, to withdraw the above specified security ("Security") from listing and registration on the Pacific Stock Exchange, Inc. ("PSE").

The reasons alleged in the application for withdrawing the Security from listing and registration include the following:

In making the decision to withdraw the Security from listing on the PSE, the Company considered the direct and indirect costs and expenses attendant on maintaining the dual listing of the

Security on the Nasdaq National Market System and on the PSE. The Company does not see any particular advantage in the dual trading of the Securities and believes that the volume of trading of its securities on the PSE is severely low.

Any interested person may, on or before September 17, 1996, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchanges and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz,
Secretary.

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[Release No. 34-37605; File No. SR-NYSE-96-23]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to Restrictions on Exercise of Options on the New York Stock Exchange Composite Stock Index

August 26, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on August 8, 1996, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to issue an interpretation of Exchange Rule 709 (Other Restrictions on Exchange Option Transactions and Exercises) that clarifies that members and member organizations may only exercise options